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# Tackling a New Market, Part I

**Ready to grow your business? Follow this step-by-step approach to winning new customers in 2006.**

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Are you ready to put your business on a fast growth track? Now's a great time to invest in programs to grow your business in 2006. After all, to successfully stay ahead of inflation, you must incrementally increase sales year after year, and anything less than a strong growth curve may actually signal stagnation, or worse--a slow decline.

This month, in Part I of this special two-part feature, you'll gain important insight into tackling new markets to increase sales. Then, in December, Part II will show you how to create a promotional campaign to support your business's growth strategies. You'll learn how to choose media to reach your new target, find the right message, build buzz pre-rollout, and use public relations and advertising to produce leads and sales.

Just start with this step-by-step guide.

## Step 1: Choose the Best Way to Grow

Begin by deciding which growth strategy is right for your company. For example, you may choose to offer new or improved products or services (called line extensions) to segmented groups drawn from your current target audience. Products with new features can grab the attention of lapsed customers and revitalize sagging market share--just so long as the new products and services don't cannibalize sales of your old ones *until you're ready* to phase them out.

You can see good examples of successful line extensions by visiting any supermarket or drugstore. [Boca Foods Company](#), for example, which once sold primarily soy burgers, now sells meatless lasagna, sausage links and chicken patties. And you won't find just one type of shaving cream or razor from major manufacturers such as [Gillette](#), which went from selling disposable blade refills to marketing disposable razors. Instead, you'll find a wide variety of line extensions that appeal to slightly different segments of the target audience--as well as meet the changing needs of a wide range of customers.

If offering line extensions isn't right for your business, another smart growth strategy would be to target a new niche market. You can offer these new customers your present product or service, a specially enhanced and relaunched version of what you currently provide, or even something entirely new. Imagine you offer customized software solutions exclusively to law firms. You might find a way to make alterations to your product and service mix that would appeal to medical practices, for example. Or you might create a new type of software solution to take on a very different niche market, such as restaurants.

## Step 2: Answer Three Questions

To effectively prepare to approach a new market, you'll need to answer several important questions:

- **What similar products or services does this target market buy now?**

Every new product or service entry into an established market niche must take market

share away from something else. That makes it essential to understand who your new competitors will be. Put yourself in your prospective customers' shoes and look at their wide range of buying options. Identify your potential competitors and learn everything you can about their products and services. This is the smart way to get the information you need in order to effectively position against them.

- **How will your new product or service add value for the customer?**

When you introduce a product or service to any market, you must differentiate from the vast field of competition. Decide how your new offering will stand apart as a better value. Special features or offers, such as convenient free delivery or 24-hour customer service (provided they're not already offered by your competitors) will be perceived as value-added perks that'll help induce customers to make the switch.

- **Which audience segments will be most receptive to what you offer?**

Just as you've observed in the drugstore with all the various modifications of razors, certain features will appeal to specific target audience subgroups. Learn everything you can about who your best prospects will be and what they might want from you. It's often smart to enter a new product category by aiming at a relatively narrow target audience. For example, the software consulting firm I've mentioned might decide to target restaurants, but only those that are privately owned, with seating capacities of 250 or less, in three major markets.

### **Step 3: Identify Your Potential Sales Channels**

Companies that add line extensions have the advantage of established sales channels. In other words, it's likely that your new products or services will be distributed and sold in the same way as the existing ones, even though they may target different audience subgroups. On the other hand, approaching an entirely new market for a product may require you to create relationships with new distributors. It doesn't matter whether you introduce a product or service--you'll need to create an in-depth marketing program that begins by educating your new prospects and successfully moves them through the sales cycle.

Decide whether you'll sell through sales reps, retail outlets or directly. Then, with this information in mind, you'll be ready to create an effective marketing program to tackle your new market. Be sure to watch for Part II of this guide to tackling new markets in December for more step-by-step help.

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